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Spain

Grain and Feed

Spain's Reduced Duty Sorghum Import Quota 2003

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Report Highlights:

Under the terms of the 1986 U.S.-EU Grain Enlargement Agreement, if Spain's sorghum import quota for the year is not filled, the shortfall is carried forward to future years. Since very little sorghum was imported into Spain in 2001/02 and 2002/03, the quota shortfall carried over into 2003/04 should be about 419,000 tons. This shortfall, combined with the 2003/04 quota of about 220,000 tons, implies that the EU should open sorghum import tenders about 640,000 tons before February 28, 2004. Grain traders believe that it is possible to import this amount during the coming season, provided U.S. prices remain stable and the dollar stays weak against the euro.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Madrid [SP1], SP

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Executive Summary

Spain was a major buyer of U.S. feed grains when it joined the EU in 1986. In order to preserve some of this market, the U.S. negotiated the 1986 U.S.-EU Grain Enlargement Agreement, which provided reduced tariff quotas for a minimum of 2 million tons of corn and 300,000 tons of sorghum. These quotas are on a calendar year basis. The Agreement subtracts the volume of imports of three byproducts (corn gluten, brewers' grains and citrus pulp) from these quotas. Since total imports of these byproducts have averaged about 750,000 tons during the past few years, the actual quota for corn has averaged around 1.35 million tons and for sorghum, around 200,000 tons.

During the 15 years that the Agreement has been in effect, if the sorghum quota for the year is not filled, the shortfall is carried forward to future years. Since U.S. prices were high during 2001 and 2002, very little sorghum was imported into Spain under the quota; however, the quota shortfalls for these years, amounting to about 419,000 tons, were carried over into 2003. This shortfall, combined with the 2003 quota, estimated at about 220,000 tons, implies that the EU should open sorghum import tenders about 640,000 tons before February 28, 2004. Grain traders believe that it is possible to import this amount during the coming season, provided U.S. prices remain stable and the dollar stays weak against the euro.

The remainder of this report includes calculations for import quotas under the U.S.-EU Enlargement Agreement (EA) since 1995. These calculations are based on the following :

- a) The EA defines minimum import requirements, but no maximum. Consequently, in years when sorghum imports exceed the quota (which happened in 1995 and 1996) there is no reduction of the quota in subsequent years.
- b) Since the beginning of the EA, shortfalls from one year are carried over to the next; they are also accumulated to the shortfalls from previous years.
- c) Import data used in these calculations are from Spanish Customs reports for all years except for CY 2003.

IMPORTS IN CY						SHORTFALLS
Year	Sorghum Imports	Corn Gluten	Brewer's d..g.	Citrus Pulp	Total by products	Sorghum shortfall
1995	420,182	783,575	140,617	28,084	952,276	0
1996	392,749	619,486	50,092	52,660	722,238	0
1997	148,932	654,071	48,339	19,673	722,083	49,697
1998	227,977	710,764	63,405	7,701	781,870	19,076
1999	207,208	684,618	68,224	321	753,163	12,956
2000	189,073	728,459	61,652	14,003	804,114	18,348
2001	646	597,349	37,073	15,356	649,778	232,231
2002	8,194	719,054	83,410	0	802,464	418,717

1996 Sorghum Shortfall

1996 Sorghum Import Requirement (13 Percent of Total 1996 Quota)	205,109
Plus 1995 Shortfall	0
Minus 1996 Imports	(392,749)
1996 Sorghum Shortfall	0

1997 Sorghum Shortfall

1997 Sorghum Import Requirement (13 Percent of Total 1997 Quota)	198,629
Plus 1996 Shortfall	0
Minus 1997 Imports	(148,932)

1997 Sorghum Shortfall	49,697
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1998 Sorghum Shortfall

1998 Sorghum Import Requirement (13 Percent of Total 1998 Quota)	197,356
Plus 1997 Shortfall	49,697
Minus 1998 Imports	(227,977)
1998 Sorghum Shortfall	19,076

1999 Sorghum Shortfall

1999 Sorghum Import Requirement (13 Percent of Total 1999 Quota)	201,088
Plus 1998 Shortfall	19,076
Minus 1999 Imports	(207,208)
1999 Sorghum Shortfall	12,956

2000 Sorghum Shortfall

2000 Sorghum Import Requirement (13 Percent of Total 2000 Quota)	194,465
Plus 1999 Shortfall	12,956
Minus 2000 Imports	(189,073)
2000 Sorghum Shortfall	18,348

2001 Sorghum Shortfall

2001 Sorghum Import Requirement (13 Percent of Total 2001 Quota)	214,529
Plus 2000 Shortfall	18,348
Minus 2001 Imports	(646)

2001 Sorghum Shortfall	232,231
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2002 Sorghum Shortfall

2002 Sorghum Import Requirement (13 Percent of Total 2001 Quota)	194,680
Plus 2001 Shortfall	232,231
Minus 2002 Imports	(8,194)
2002 Sorghum Shortfall	418,717

Outstanding 2003 Sorghum Quota

Total Import Requirements for 2003	2,300,000
Minus 2003 Import Forecast for Corn Gluten, Brewers Grains, and Citrus Pulp	(600,000)
Estimate of Total Corn and Sorghum Required to be Imported Under the Quota	1,700,000
Estimate of 2003 Sorghum Import Requirement (13 percent of Total 2003 Quota)	221,000
Plus 2002 Corn Shortfall	418,717
Estimate of 2003 Total Import Requirement	639,717